

27 June 1967

MEMORANDUM FOR THE RECORD

SUBJECT: H. R. 10912 - Financing Civil Service Retirement Fund

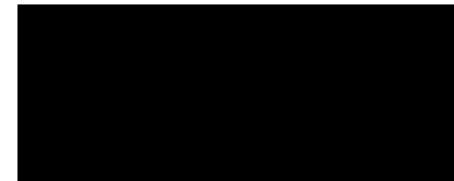
1. This is the Civil Service Retirement Fund financing proposal. It follows the recommendations of the Retirement Committee of Federal Staff Retirement Systems.

2. The bill also merges the Foreign Service Retirement Fund into the Civil Service Retirement Fund (actuarially the Foreign Service fund is in bad shape.)

3. The bill also authorizes CSC to adjust the percentage of deduction and contributions. I have been informed that to support the transfer of credit proposal a significant increase in the level of payment to the Civil Service Retirement Fund would be required. Further, any increase in employee deductions necessarily raises questions relating to the adequacy or fairness of lesser deductions levels for similar Federal Staff Retirement Systems.

4. P. L. 88-643, Section 261 requires the Director to prepare estimates of annual appropriations and an actuarial evaluation at least in five year intervals. I don't believe that the estimates for annual appropriations have been prepared. Apparently 18 months ago Bryan Brenner projected that outgo will not exceed income until 1978. As level of benefits change this, of course, will change particularly if the transfer of credit and minimum guarantee are enacted.

5. It would seem that the concepts embodied in the attached bill could be profitably studied by Finance and evaluated for applicability to CIA Retirement.



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